

SENATE BILL NO. 471

INTRODUCED BY BALES, R. BROWN, FORRESTER, GALLUS, KEENAN, LASZLOFFY, MOOD, PEASE, SHEA, STAPLETON, F. THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO NATURAL RESOURCE TAXATION, ENERGY DEVELOPMENT, AND ECONOMIC DEVELOPMENT; IMPOSING A TAX ON COAL PRODUCED IN MONTANA A TAX OF 62 CENTS A TON TO BE USED FOR ENERGY AND INFRASTRUCTURE PROJECTS; AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR STATE-OWNED ENERGY TRANSMISSION AND DISTRIBUTION SYSTEMS AND INFRASTRUCTURE PROJECTS; PLEDGING THE ENERGY PROJECT TAX TO THE PAYMENT OF THE REVENUE BONDS; AUTHORIZING THE SALE OF THE ENERGY TRANSMISSION AND DISTRIBUTION SYSTEMS; AUTHORIZING THE ISSUANCE OF STATE LAND DEVELOPMENT REVENUE BONDS FOR STATE-OWNED ELECTRICAL ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, OR RAIL LINE FACILITIES; PLEDGING THE REVENUE FROM STATE-OWNED ELECTRICAL ENERGY TRANSMISSION AND DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, AND RAIL LINE FACILITIES TO THE PAYMENT OF THE STATE LAND DEVELOPMENT REVENUE BONDS; AUTHORIZING THE SALE OF ELECTRICAL ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, AND RAIL LINE FACILITIES; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Energy projects tax -- EXCEPTION. (1) (A) There is an energy projects tax.

The tax is 62 THE FOLLOWING NUMBER OF cents per ton, BASED ON THE PRICE PER TON, on each ton of coal produced in the state-;

<u>PRICE PER TON</u>	<u>TAX IN CENTS PER TON</u>
<u>\$3.50 OR LESS</u>	<u>32</u>
<u>3.51 TO 4.00</u>	<u>37</u>
<u>4.01 TO 4.50</u>	<u>42</u>
<u>4.51 TO 5.00</u>	<u>47</u>
<u>5.01 TO 5.50</u>	<u>52</u>



1	<u>5.51 TO 6.00</u>	<u>57</u>
2	<u>6.01 TO 6.50</u>	<u>62</u>
3	<u>6.51 TO 7.00</u>	<u>67</u>
4	<u>7.01 TO 7.50</u>	<u>72</u>
5	<u>7.51 TO 8.00</u>	<u>77</u>
6	<u>8.01 TO 8.50</u>	<u>82</u>
7	<u>8.51 TO 9.00</u>	<u>87</u>
8	<u>9.01 TO 9.50</u>	<u>92</u>
9	<u>9.51 OR MORE</u>	<u>97</u>

10 **(B)** The tax is imposed on the coal mine operator. The tax proceeds must be deposited in the account
 11 provided for in [section 2].

12 (2) Each coal mine operator shall compute the energy projects tax due on each quarter-year's worth
 13 of production on forms prescribed by the department. The statement must indicate the tonnage produced and
 14 other information that the department may require. The completed form, in duplicate, must be delivered to the
 15 department with the tax payment not later than 30 days following the close of the quarter. The form must be
 16 signed by the operator if the operator is an individual or by an officer of the coal mine operator if the operator
 17 is a business entity. A person operating more than one coal mine in this state may include all of the person's
 18 mines in one statement. The department may grant a reasonable extension of time for filing statements and
 19 payment of taxes due upon good cause shown for the extension.

20 **(3) COAL MINED ON AN INDIAN RESERVATION AND COAL OWNED BY AN INDIAN TRIBE IS NOT SUBJECT TO THE TAX**
 21 **IMPOSED BY THIS SECTION.**

22
 23 **NEW SECTION. Section 2. Energy projects tax account -- use -- disposition.** (1) There is an energy
 24 projects tax account in the state special revenue fund. The proceeds of the energy projects tax, provided for in
 25 [section 1], must be deposited in the account.

26 (2) The account may be pledged to the payment of revenue bonds as provided in [sections 8 and 9].
 27 Any money in the account that is not pledged to the payment of revenue bonds must, at the end of each fiscal
 28 ~~year~~ QUARTER, be transferred to the general fund.

29
 30 **NEW SECTION. Section 3. Penalty and interest for delinquent tax -- waiver.** (1) The department

1 shall add penalty and interest to the amount of all delinquent energy projects taxes as provided in 15-1-216.

2 (2) The department shall mail to a person required to file a quarterly report and pay any energy projects
3 tax, a letter setting forth the amount of tax, penalty, and interest due. The letter must contain a statement that
4 if payment is not made, a warrant for distraint may be filed.

5 (3) A penalty may be waived by the department pursuant to 15-1-206.

6

7 **NEW SECTION. Section 4. Deficiency assessment -- review -- interest.** (1) When the department
8 determines that the amount of energy projects tax due is greater than the amount disclosed by a return, it shall
9 mail to the taxpayer a notice, pursuant to 15-1-211, of the additional tax proposed to be assessed. The taxpayer
10 may seek review of the determination pursuant to 15-1-211.

11 (2) Interest on any deficiency assessment must bear interest as provided in 15-1-216.

12

13 **NEW SECTION. Section 5. Statute of limitations.** (1) Except as otherwise provided in this section,
14 a deficiency may not be assessed or collected with respect to the year for which a return is filed unless the notice
15 of additional energy projects tax proposed to be assessed is mailed within 5 years from the date the return was
16 filed. For the purposes of this section, a return filed before the last day prescribed for filing is considered as filed
17 on the last day. If the taxpayer, before the expiration of the period prescribed for assessment of the tax, consents
18 in writing to an assessment after that time, the tax may be assessed at any time prior to the expiration of the
19 period agreed upon.

20 (2) A refund or credit may not be allowed or paid with respect to the year for which a return is filed after
21 5 years from the last day prescribed for filing the return or after 1 year from the date of the overpayment,
22 whichever period expires later, unless before the expiration of the period, the taxpayer files a claim or the
23 department has determined the existence of the overpayment and has approved the refund or credit. If the
24 taxpayer has agreed in writing under the provisions of subsection (1) to extend the time within which the
25 department may propose an additional assessment, the period within which a claim for refund or credit may be
26 filed or a credit or refund allowed if a claim is not filed is automatically extended.

27 (3) If a return is required to be filed and the taxpayer fails to file the return, the tax may be assessed or
28 an action to collect the tax may be brought at any time. If a return is required to be filed and the taxpayer files
29 a fraudulent return, the 5-year period provided for in subsection (1) does not begin until discovery of the fraud
30 by the department.

1
2 **NEW SECTION. Section 6. Penalties for neglect or false statement.** A person who fails, neglects,
3 or refuses to file any statement required under [sections 1 through 7] or who makes a false statement commits
4 a misdemeanor. A person convicted under this section shall be fined not to exceed \$1,000, be imprisoned in the
5 county jail for a term not to exceed 6 months, or both.

6
7 **NEW SECTION. Section 7. Rulemaking authority.** The department may adopt rules necessary for
8 implementing the energy projects tax under [sections 1 through 7].

9
10 **NEW SECTION. Section 8. Energy and infrastructure projects.** (1) (a) The department of
11 administration, after consultation with the public service commission, may request the board of examiners to
12 issue revenue bonds pursuant to Title 17, chapter 5, for the purpose of establishing and maintaining new
13 state-owned electrical energy transmission or distribution systems and infrastructure projects in the state.

14 (b) The state may sell the electrical energy transmission or distribution systems if the sale is in the
15 state's best interest.

16 (2) The bonds may be publicly or privately sold, bear interest at rates and times, and mature at times
17 not exceeding 40 years from the date of issuance as the board shall determine. The board may issue the bonds
18 pursuant to a resolution or indenture of trust with a financial institution having the powers of a trust company.
19 The resolution or indenture may contain provisions for protecting and enforcing the rights of bondholders that
20 are reasonable and proper and not in violation of law, including covenants setting forth the duties of the state,
21 the board of examiners, or agencies of the state in relation to the acquisition, construction, improvements,
22 maintenance, operation, repair, and insurance of the project financed with the proceeds of the bonds and the
23 custody and application of all money. The trust indenture may set forth the rights and remedies of the
24 bondholders as is customary in trust indentures, deeds of trust, and mortgages securing bonds.

25
26 **NEW SECTION. Section 9. Bond authorization.** (1) The board of examiners may issue and sell bonds
27 of the state in an aggregate principal amount not to exceed \$300 million for the purposes authorized in [section
28 8]. The bonds are revenue obligations in which the net revenue from the energy projects tax provided for in
29 [section 1] is pledged for payment of the principal and interest on the bonds. The bonds are not and may not be
30 considered to be a general obligation or debt of the state. The board may issue the bonds in accordance with

1 the applicable provisions contained in 17-5-921 through 17-5-930.

2 (2) The proceeds of the bonds, other than any premiums and accrued interest received, must be
3 deposited in an account in the state special revenue fund. Premiums and accrued interest must be deposited
4 in the debt service fund established in 17-2-102. Proceeds of bonds deposited in the account may be used to
5 pay the costs of issuing the bonds and to fulfill the purposes authorized in [section 8]. For the purposes of
6 17-5-803 and 17-5-804, the account constitutes a capital projects account. The bond proceeds must be available
7 to the department of administration and may be used for the purposes authorized in this section without further
8 budgetary authorization.

9 (3) In authorizing the sale and issuance of the bonds, the board of examiners, upon request of the
10 department of administration, may create separate accounts or subaccounts to provide for the payment and
11 security of the bonds, including a debt service reserve account. The net revenue from the energy projects tax
12 must be pledged to these accounts.

13
14 **NEW SECTION. Section 10. Use of bond proceeds.** The department of administration shall use the
15 proceeds of the bonds authorized in [section 9] to design and build new state-owned electrical energy
16 transmission or distribution systems or infrastructure projects, to pay capitalized interest during construction, to
17 fund a debt service reserve, and to pay costs associated with the sale and security of the bonds.

18
19 **NEW SECTION. Section 11. Interagency cooperation.** (1) State agencies shall cooperate with the
20 department of administration in the permitting or construction of electrical energy transmission or distribution
21 systems or infrastructure projects.

22 (2) Within the limits of available resources, state agencies shall provide scientific, economic, and other
23 relevant data requested by the department of administration.

24
25 **NEW SECTION. Section 12. Pledge.** In accordance with constitutions of the United States and the
26 state of Montana, the state pledges that it will not in any way impair the obligations of any agreement between
27 the state and the holders of the bonds issued by the state.

28
29 **NEW SECTION. SECTION 13. STATE ELECTRICAL GENERATION, TRANSMISSION, AND DISTRIBUTION FACILITIES**
30 **AND RAIL LINE FACILITIES. (1) (A) THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION MAY REQUEST THE**

1 BOARD OF EXAMINERS TO ISSUE STATE LAND DEVELOPMENT REVENUE BONDS PURSUANT TO [SECTIONS 13 THROUGH 25]
 2 FOR THE PURPOSE OF ESTABLISHING AND MAINTAINING NEW STATE-OWNED ELECTRICAL ENERGY TRANSMISSION OR
 3 DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, AND RAIL LINE FACILITIES ASSOCIATED WITH STATE LANDS.

4 (B) THE STATE MAY SELL THE ELECTRICAL ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL
 5 GENERATION FACILITIES, OR RAIL LINE FACILITIES IF THE SALE IS IN THE STATE'S BEST INTEREST.

6 (2) THE STATE LAND DEVELOPMENT REVENUE BONDS MAY BE PUBLICLY OR PRIVATELY SOLD, BEAR INTEREST
 7 AT RATES AND TIMES, AND MATURE AT TIMES NOT EXCEEDING 40 YEARS FROM THE DATE OF ISSUANCE OR NOT EXCEEDING
 8 THE USEFUL LIFE OF THE FACILITY AS THE BOARD SHALL DETERMINE. THE BOARD MAY ISSUE THE BONDS PURSUANT TO
 9 A RESOLUTION OR INDENTURE OF TRUST WITH A FINANCIAL INSTITUTION HAVING THE POWERS OF A TRUST COMPANY. THE
 10 RESOLUTION OR INDENTURE MAY CONTAIN PROVISIONS FOR PROTECTING AND ENFORCING THE RIGHTS OF BONDHOLDERS
 11 THAT ARE REASONABLE AND PROPER AND NOT IN VIOLATION OF LAW, INCLUDING COVENANTS SETTING FORTH THE DUTIES
 12 OF THE STATE, THE BOARD OF EXAMINERS, OR AGENCIES OF THE STATE IN RELATION TO THE ACQUISITION,
 13 CONSTRUCTION, IMPROVEMENTS, MAINTENANCE, OPERATION, REPAIR, AND INSURANCE OF THE FACILITY FINANCED WITH
 14 THE PROCEEDS OF THE BONDS AND THE CUSTODY AND APPLICATION OF ALL MONEY. THE TRUST INDENTURE MAY SET
 15 FORTH THE RIGHTS AND REMEDIES OF THE BONDHOLDERS AS IS CUSTOMARY IN TRUST INDENTURES, DEEDS OF TRUST,
 16 AND MORTGAGES SECURING BONDS.

17
 18 NEW SECTION. SECTION 14. STATE LAND DEVELOPMENT REVENUE BOND AUTHORIZATION. (1) THE BOARD
 19 OF EXAMINERS MAY ISSUE AND SELL STATE LAND DEVELOPMENT REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT
 20 NOT TO EXCEED \$740 MILLION FOR THE PURPOSES AUTHORIZED IN [SECTION 13]. THE BONDS ARE REVENUE OBLIGATIONS
 21 IN WHICH THE NET REVENUE FROM STATE-OWNED ELECTRICAL ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES,
 22 ELECTRICAL GENERATION FACILITIES, OR RAIL LINE FACILITIES IS PLEDGED FOR PAYMENT OF THE PRINCIPAL AND INTEREST
 23 ON THE BONDS. THE BONDS ARE NOT AND MAY NOT BE CONSIDERED TO BE A GENERAL OBLIGATION OR DEBT OF THE
 24 STATE. THE BOARD MAY ISSUE THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS CONTAINED IN 17-5-921
 25 THROUGH 17-5-930.

26 (2) THE PROCEEDS OF THE STATE LAND DEVELOPMENT REVENUE BONDS, OTHER THAN ANY PREMIUMS AND
 27 ACCRUED INTEREST RECEIVED, MUST BE DEPOSITED IN AN ACCOUNT IN THE STATE SPECIAL REVENUE FUND. PREMIUMS
 28 AND ACCRUED INTEREST MUST BE DEPOSITED IN THE DEBT SERVICE FUND ESTABLISHED IN 17-2-102. PROCEEDS OF
 29 BONDS DEPOSITED IN THE ACCOUNT MAY BE USED TO PAY THE COSTS OF ISSUING THE BONDS AND TO FULFILL THE
 30 PURPOSES AUTHORIZED IN [SECTION 13]. FOR THE PURPOSES OF 17-5-803 AND 17-5-804, THE ACCOUNT CONSTITUTES

1 A CAPITAL PROJECTS ACCOUNT. THE BOND PROCEEDS MUST BE AVAILABLE TO THE DEPARTMENT OF NATURAL RESOURCES
 2 AND CONSERVATION AND MAY BE USED FOR THE PURPOSES AUTHORIZED IN THIS SECTION WITHOUT FURTHER BUDGETARY
 3 AUTHORIZATION.

4 (3) IN AUTHORIZING THE SALE AND ISSUANCE OF THE STATE LAND DEVELOPMENT REVENUE BONDS, THE BOARD,
 5 UPON REQUEST OF THE DEPARTMENT OF ADMINISTRATION, MAY CREATE SEPARATE ACCOUNTS OR SUBACCOUNTS TO
 6 PROVIDE FOR THE PAYMENT AND SECURITY OF THE BONDS, INCLUDING A DEBT SERVICE RESERVE ACCOUNT. THE NET
 7 REVENUE FROM THE ELECTRICAL ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL GENERATION
 8 FACILITIES, OR RAIL LINE FACILITIES MUST BE PLEDGED TO THESE ACCOUNTS.

9
 10 **NEW SECTION. SECTION 15. USE OF STATE LAND DEVELOPMENT REVENUE BOND PROCEEDS.** THE
 11 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION SHALL USE THE PROCEEDS OF THE STATE LAND
 12 DEVELOPMENT REVENUE BONDS AUTHORIZED IN [SECTION 14] TO DESIGN AND BUILD NEW STATE-OWNED ELECTRICAL
 13 ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, OR RAIL LINE FACILITIES, TO
 14 PAY CAPITALIZED INTEREST DURING CONSTRUCTION, TO FUND A DEBT SERVICE RESERVE, AND TO PAY COSTS ASSOCIATED
 15 WITH THE SALE AND SECURITY OF THE BONDS.

16
 17 **NEW SECTION. SECTION 16. INTERAGENCY COOPERATION.** (1) STATE AGENCIES SHALL COOPERATE WITH
 18 THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION IN THE PERMITTING OR CONSTRUCTION OF ELECTRICAL
 19 ENERGY TRANSMISSION OR DISTRIBUTION FACILITIES, ELECTRICAL GENERATION FACILITIES, OR RAIL LINE FACILITIES.

20 (2) WITHIN THE LIMITS OF AVAILABLE RESOURCES, STATE AGENCIES SHALL PROVIDE SCIENTIFIC, ECONOMIC, AND
 21 OTHER RELEVANT DATA REQUESTED BY THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION.

22
 23 **NEW SECTION. SECTION 17. PLEDGE.** IN ACCORDANCE WITH THE CONSTITUTIONS OF THE UNITED STATES
 24 AND THE STATE OF MONTANA, THE STATE PLEDGES THAT IT WILL NOT IN ANY WAY IMPAIR THE OBLIGATIONS OF ANY
 25 AGREEMENT BETWEEN THE STATE AND THE HOLDERS OF THE STATE LAND DEVELOPMENT BONDS ISSUED BY THE STATE.

26
 27 **NEW SECTION. SECTION 18. BOND ANTICIPATION NOTES -- ISSUED WHEN -- PAYMENT OF PRINCIPAL AND**
 28 **INTEREST.** (1) THE BOARD OF EXAMINERS MAY, PENDING THE ISSUANCE OF BONDS UNDER [SECTIONS 13 THROUGH 25],
 29 ISSUE TEMPORARY NOTES IN ANTICIPATION OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF THE BONDS,
 30 DESIGNATED AS "BOND ANTICIPATION NOTES". THE PROCEEDS OF THE SALE OF THE BOND ANTICIPATION NOTES MAY BE

1 USED ONLY FOR THE PURPOSE FOR WHICH THE PROCEEDS OF THE BONDS COULD BE USED, INCLUDING COSTS OF
 2 ISSUANCE. IF, PRIOR TO THE ISSUANCE OF THE BONDS, IT BECOMES NECESSARY OR DESIRABLE TO REDEEM OUTSTANDING
 3 NOTES, ADDITIONAL BOND ANTICIPATION NOTES MAY BE ISSUED TO REDEEM THE OUTSTANDING NOTES. A RENEWAL OF
 4 ANY NOTE MAY NOT BE ISSUED AFTER THE SALE OF BONDS IN ANTICIPATION OF WHICH THE ORIGINAL NOTES WERE ISSUED.

5 (2) BOND ANTICIPATION NOTES OR OTHER SHORT-TERM EVIDENCES OF INDEBTEDNESS MATURING NOT MORE
 6 THAN 3 YEARS AFTER THE DATE OF ISSUE MAY BE ISSUED FROM TIME TO TIME AS THE PROCEEDS OF THE NOTES ARE
 7 NEEDED. THE NOTES MUST BE AUTHORIZED BY THE BOARD AND HAVE TERMS AND PROVISIONS AS MAY BE PROVIDED BY
 8 RESOLUTION OF THE BOARD. HOWEVER, EACH RESOLUTION OF THE BOARD AUTHORIZING NOTES MUST:

9 (A) DESCRIBE THE NEED FOR THE PROCEEDS OF THE NOTES TO BE ISSUED; AND

10 (B) SPECIFY THE PRINCIPAL AMOUNT OF THE NOTES OR MAXIMUM PRINCIPAL AMOUNT OF THE NOTES THAT MAY
 11 BE OUTSTANDING AT ANY ONE TIME, THE RATE OR RATES OF INTEREST OR MAXIMUM RATE OF INTEREST OR INTEREST RATE
 12 FORMULA OF THE NOTES TO BE DETERMINED IN THE MANNER SPECIFIED IN THE RESOLUTION AUTHORIZING THE NOTES,
 13 AND THE MATURITY DATE OR MAXIMUM MATURITY DATE OF THE NOTES.

14 (3) SUBJECT TO THE LIMITATIONS CONTAINED IN THIS SECTION AND THE STANDARDS AND LIMITATIONS
 15 PRESCRIBED IN THE AUTHORIZING RESOLUTION, THE BOARD IN ITS DISCRETION MAY PROVIDE FOR THE NOTES DESCRIBED
 16 IN SUBSECTION (2) TO BE ISSUED AND SOLD, IN WHOLE OR IN PART, FROM TIME TO TIME, AND MAY DELEGATE TO THE STATE
 17 TREASURER THE POWER TO DETERMINE THE TIME OR TIMES OF SALE, THE MANNER OF SALE, THE AMOUNTS, THE
 18 MATURITIES, THE RATE OR RATES OF INTEREST, AND OTHER TERMS AND DETAILS OF THE NOTES THAT MAY BE CONSIDERED
 19 APPROPRIATE BY THE BOARD OR, IF THERE HAS BEEN A DELEGATION, BY THE STATE TREASURER. THE BOARD MAY, IN ITS
 20 DISCRETION BUT SUBJECT TO THE LIMITATIONS CONTAINED IN THIS SECTION, PROVIDE IN THE RESOLUTION AUTHORIZING
 21 THE ISSUANCE OF NOTES FOR:

22 (A) THE EMPLOYMENT OF ONE OR MORE PERSONS OR FIRMS TO ASSIST THE BOARD IN THE SALE OF THE NOTES;

23 (B) THE APPOINTMENT OF ONE OR MORE BANKS OR TRUST COMPANIES, EITHER INSIDE OR OUTSIDE THE STATE,
 24 AS DEPOSITORY FOR SAFEKEEPING AND AS AGENT FOR THE DELIVERY AND PAYMENT OF THE NOTES;

25 (C) THE REFUNDING OF THE NOTES, FROM TIME TO TIME, WITHOUT FURTHER ACTION BY THE BOARD, UNLESS AND
 26 UNTIL THE BOARD REVOKES THE AUTHORITY TO REFUND; AND

27 (D) OTHER TERMS AND CONDITIONS AS THE BOARD MAY CONSIDER APPROPRIATE.

28
 29 **NEW SECTION. SECTION 19. FORM -- PRINCIPAL AND INTEREST -- FISCAL AGENT -- BONDS AUTHORIZED. (1)**

30 **EACH SERIES OF STATE LAND DEVELOPMENT REVENUE BONDS MAY BE ISSUED BY THE BOARD OF EXAMINERS AT PUBLIC**

1 OR PRIVATE SALE, IN DENOMINATIONS AND FORM, WHETHER PAYABLE TO THE BEARER OR REGISTERED AS TO PRINCIPAL
 2 OR BOTH PRINCIPAL AND INTEREST, WITH PROVISIONS FOR THE CONVERSION OR EXCHANGE, BEARING INTEREST AT A RATE
 3 OR RATES OR THE METHOD OF DETERMINING THE RATE OR RATES, MATURING AT TIMES, NOT MORE THAN 40 YEARS FROM
 4 THE DATE OF ISSUE, SUBJECT TO REDEMPTION AT EARLIER TIMES AND PRICES AND UPON NOTICE, AND PAYABLE AT THE
 5 OFFICE OF A FISCAL AGENCY OF THE STATE AS THE BOARD SHALL DETERMINE, SUBJECT TO THE LIMITATIONS CONTAINED
 6 IN [SECTIONS 13 THROUGH 25]. ANY ACTION TAKEN BY THE BOARD UNDER [SECTIONS 13 THROUGH 25] MUST BE
 7 APPROVED BY AT LEAST A MAJORITY VOTE OF ITS MEMBERS.

8 (2) IN ALL OTHER RESPECTS, THE BOARD IS AUTHORIZED TO PRESCRIBE THE FORM AND TERMS OF THE BONDS
 9 AND SHALL DO WHATEVER IS LAWFUL AND NECESSARY FOR THEIR ISSUANCE AND PAYMENT.

10 (3) BONDS AND ANY INTEREST COUPONS APPURTENANT TO THE BONDS MUST BE SIGNED BY THE MEMBERS OF
 11 THE BOARD, AND THE BONDS MUST BE ISSUED UNDER THE GREAT SEAL OF THE STATE OF MONTANA. THE BONDS AND
 12 COUPONS MAY BE EXECUTED WITH FACSIMILE SIGNATURES AND SEAL IN THE MANNER AND SUBJECT TO THE LIMITATIONS
 13 PRESCRIBED BY LAW. THE STATE TREASURER SHALL KEEP A RECORD OF ALL SUCH BONDS ISSUED AND SOLD.

14 (4) THE BOARD MAY EMPLOY A FISCAL AGENT AND A BOND REGISTRAR AND TRANSFER AGENT TO ASSIST IN THE
 15 PERFORMANCE OF ITS DUTIES UNDER [SECTIONS 13 THROUGH 25].

16 (5) IN CONNECTION WITH THE ISSUANCE AND SALE OF BONDS, THE BOARD MAY ARRANGE FOR LINES OF CREDIT
 17 OR LETTERS OF CREDIT WITH ANY BANK, FIRM, OR PERSON FOR THE PURPOSE OF PROVIDING AN ADDITIONAL SOURCE OF
 18 REPAYMENT FOR BONDS ISSUED PURSUANT TO [SECTIONS 13 THROUGH 25]. AMOUNTS DRAWN ON LINES OF CREDIT MAY
 19 BE EVIDENCED BY NEGOTIABLE OR NONNEGOTIABLE NOTES OR OTHER EVIDENCES OF INDEBTEDNESS, CONTAINING TERMS
 20 AND CONDITIONS THAT THE BOARD MAY AUTHORIZE IN THE RESOLUTION APPROVING THE NOTES.

21 (6) NO MORE THAN \$740 MILLION OF BONDS ISSUED UNDER [SECTIONS 13 THROUGH 25] MAY BE OUTSTANDING
 22 AT ANY TIME. ADDITIONAL BONDS, OTHER THAN REFUNDING BONDS, MAY NOT BE ISSUED UNTIL THE PLEDGE IN FAVOR OF
 23 THE BONDS IS SATISFIED AND DISCHARGED.

24
 25 NEW SECTION. SECTION 20. TRUST INDENTURE. IN THE DISCRETION OF THE BOARD OF EXAMINERS, BONDS
 26 ISSUED UNDER [SECTIONS 13 THROUGH 25] MAY BE SECURED BY A TRUST INDENTURE BY AND BETWEEN THE BOARD AND
 27 A TRUSTEE, WHICH MAY BE ANY TRUST COMPANY OR BANK HAVING THE POWERS OF A TRUST COMPANY INSIDE OR OUTSIDE
 28 OF THE STATE. EACH TRUST INDENTURE OR AN EXECUTED COUNTERPART OF THE INDENTURE MUST BE FILED IN THE
 29 OFFICE OF THE SECRETARY OF STATE. THE FILING OF A TRUST INDENTURE OR AN EXECUTED COUNTERPART OF THE
 30 INDENTURE IN THE OFFICE OF THE COUNTY CLERK AND RECORDER OF THE COUNTY IN WHICH THE PROPERTY COVERED

1 BY THE TRUST INDENTURE IS LOCATED IS CONSTRUCTIVE NOTICE OF ITS CONTENT TO ALL PERSONS FROM THE TIME OF
2 FILING, AND THE RECORDING OF THE TRUST INDENTURE OR ITS CONTENT IS NOT NECESSARY.

3
4 NEW SECTION. SECTION 21. PERSONAL LIABILITY -- SUIT TO COMPEL PERFORMANCE. (1) THE MEMBERS OF
5 THE BOARD OF EXAMINERS AND OFFICERS AND EMPLOYEES OF THE DEPARTMENTS, BOARDS, OR AGENCIES OF STATE
6 GOVERNMENT ARE NOT PERSONALLY LIABLE OR ACCOUNTABLE BY REASON OF THE ISSUANCE OF OR ON ANY BOND ISSUED
7 BY THE BOARD UNDER [SECTIONS 13 THROUGH 25].

8 (2) ANY HOLDER OF BONDS ISSUED UNDER [SECTIONS 13 THROUGH 25] OR ANY PERSON OR OFFICER WHO IS
9 A PARTY IN INTEREST, SUBJECT TO ANY APPLICABLE AGREEMENTS OR TRUST INDENTURES, MAY SUE TO ENFORCE AND
10 COMPEL THE PERFORMANCE OF THE BOND PROVISIONS AS ESTABLISHED IN [SECTIONS 13 THROUGH 25].

11
12 NEW SECTION. SECTION 22. NEGOTIABILITY OF BONDS. BONDS ISSUED UNDER [SECTIONS 13 THROUGH 25]
13 ARE NEGOTIABLE INSTRUMENTS UNDER THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO THE PROVISIONS FOR
14 REGISTRATION OF BONDS.

15
16 NEW SECTION. SECTION 23. SIGNATURES OF BOARD MEMBERS. IN CASE ANY MEMBER OF THE BOARD OF
17 EXAMINERS WHOSE SIGNATURE APPEARS ON BONDS OR COUPONS ISSUED UNDER [SECTIONS 13 THROUGH 25] CEASES
18 TO BE A MEMBER BEFORE THE DELIVERY OF THE BONDS, THE MEMBER'S SIGNATURE IS VALID AND SUFFICIENT FOR ALL
19 PURPOSES AS IF THE MEMBER HAD REMAINED IN OFFICE UNTIL DELIVERY.

20
21 NEW SECTION. SECTION 24. REFUNDING OBLIGATIONS. (1) THE BOARD OF EXAMINERS MAY PROVIDE FOR
22 THE ISSUANCE OF REFUNDING OBLIGATIONS FOR REFUNDING ANY OBLIGATIONS THEN OUTSTANDING THAT HAVE BEEN
23 ISSUED UNDER [SECTIONS 13 THROUGH 25], INCLUDING THE PAYMENT OF ANY REDEMPTION PREMIUM AND ANY INTEREST
24 ACCRUED OR TO ACCRUE TO THE DATE OF REDEMPTION OF THE OBLIGATIONS. THE ISSUANCE OF REFUNDING
25 OBLIGATIONS, THE MATURITIES AND OTHER DETAILS, THE RIGHTS OF THE HOLDERS, AND THE RIGHTS, DUTIES, AND
26 OBLIGATIONS OF THE STATE ARE GOVERNED BY THE APPROPRIATE PROVISIONS OF [SECTIONS 13 THROUGH 25] THAT
27 RELATE TO THE ISSUANCE OF THE OBLIGATIONS.

28 (2) REFUNDING OBLIGATIONS ISSUED AS PROVIDED IN SUBSECTION (1) MAY BE SOLD OR EXCHANGED FOR
29 OUTSTANDING OBLIGATIONS ISSUED UNDER [SECTIONS 13 THROUGH 25]. THE PROCEEDS MAY BE APPLIED TO THE
30 PURCHASE, REDEMPTION, OR PAYMENT OF THE OUTSTANDING OBLIGATIONS. PENDING THE APPLICATION OF THE

1 PROCEEDS OF REFUNDING OBLIGATIONS, WITH OTHER AVAILABLE FUNDS, TO THE PAYMENT OF PRINCIPAL, ACCRUED
2 INTEREST, AND ANY REDEMPTION PREMIUM ON THE OBLIGATIONS BEING REFUNDED AND, IF PERMITTED IN THE RESOLUTION
3 AUTHORIZING THE ISSUANCE OF THE REFUNDING OBLIGATIONS OR IN THE TRUST AGREEMENT SECURING THEM, TO THE
4 PAYMENT OF INTEREST ON REFUNDING OBLIGATIONS AND EXPENSES IN CONNECTION WITH REFUNDING, THE PROCEEDS
5 MAY BE INVESTED AS PROVIDED IN TITLE 17, CHAPTER 6.

6
7 **NEW SECTION. SECTION 25. TAX EXEMPTION OF BONDS -- LEGAL INVESTMENTS.** (1) ALL BONDS ISSUED
8 UNDER [SECTIONS 13 THROUGH 25], THEIR TRANSFER, AND THEIR INCOME, INCLUDING ANY PROFITS MADE ON THEIR SALE,
9 ARE EXEMPT FROM TAXATION BY THE STATE OR ANY POLITICAL SUBDIVISION OR OTHER INSTRUMENTALITY OF THE STATE,
10 EXCEPT FOR ESTATE TAXES.

11 (2) BONDS ISSUED UNDER [SECTIONS 13 THROUGH 25] ARE LEGAL INVESTMENTS FOR ANY PERSON OR BOARD
12 CHARGED WITH INVESTMENT OF PUBLIC FUNDS AND ARE ACCEPTABLE AS SECURITY FOR ANY DEPOSIT OF PUBLIC MONEY.

13
14 **NEW SECTION. SECTION 26. Codification instruction.** (1) [Sections 1 through 7] are intended to be
15 codified as an integral part of Title 15, chapter 37, and the provisions of Title 15, chapter 37, apply to [sections
16 1 through 7].

17 (2) [Sections 8 through 12] are intended to be codified as an integral part of Title 17, chapter 5, and the
18 provisions of Title 17, chapter 5, apply to [sections 8 through 12].

19 (3) [SECTIONS 13 THROUGH 25] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 17, CHAPTER
20 5, AND THE PROVISIONS OF TITLE 17, CHAPTER 5, APPLY TO [SECTIONS 13 THROUGH 25].

21
22 **NEW SECTION. SECTION 27. Effective date.** [This act] is effective July 1, 2003.

23
24 **NEW SECTION. SECTION 28. Applicability.** [Sections 1 through 7] apply to coal mined on or after July
25 1, 2003.

26 - END -